

BOOKS IN REVIEW

Capitalism and History

CAPITALISM AND THE HISTORIANS. Edited by F. A. HAYEK. University of Chicago Press. 188 pp. \$3.00.

Reviewed by H. STUART HUGHES

THE publication ten years ago of F. A. Hayek's *The Road to Serfdom* was a major event in the intellectual history of the United States. As an able and scholarly polemic against socialism, it marked the beginning of that slow reorientation of sentiment—both in academic circles and among the general public—toward a more positive evaluation of the capitalist system which has marked the past decade. Professor Hayek's present volume can scarcely hope to have the same effect; it is a slighter effort, and the intellectual atmosphere it will encounter is far more sympathetic to its central thesis than was the case with a book appearing at the height of the wartime alliance with the Soviet Union and challenging the most cherished tenets of the preceding era of New Deal and Popular Front.

Moreover, *Capitalism and the Historians*, unlike its predecessor, is only in part a tract for the times. The six essays of which it is composed, including Professor Hayek's own introduction, fall into two fairly distinct categories. Three of them represent contributions by an Englishman, an American, and a Frenchman—all professionally concerned with economic history—directed toward the general subject of how capitalism has fared at the hands of historians. From these somewhat disparate efforts, Professor Hayek's introduction seeks to extract the dominant themes. And it soon transpires that the most intellectually stimulating and best developed single theme is the discussion by the British representative, T. S. Ashton, of the English factory system. Hence it is natural that the two essays which complete the volume, and are presented as organizationally distinct from the rest, should concern them-

selves with the economic history of early 19th-century England: to this second section Professor Ashton has again made the more telling contribution. With all respect to the editor, then, one may conclude that the book is at least as much Ashton's as Hayek's; what began as a subsidiary question has in effect proved to be the main show.

Or perhaps the following statement comes closer to the intention of the authors: Historians, Hayek and his colleagues argue, have in general judged capitalism over-harshly. And they have done so because the very study of economic history grew up in a context of social protest, and its methodology derived in large part from the work of Marx: even those who later repudiated Marxism retained the intellectual categories of their earlier allegiance. For their own part, Marx and Engels found the empirical evidence they needed in the Parliamentary inquiries on conditions in British factories and urban concentrations. Economic theory and moral indignation arose from a common source. And the same has been true of more recent economic historians. For the past hundred years, the English factory system of the early 19th century has served as the point from which conventional discussions of modern industrial capitalism have taken off. If, then, one could disprove what most historians have said about working-class conditions in England before 1830, the keystone of the anti-capitalist argument would have collapsed.

A REVIEWER might as well jump directly to the central discussion of what actually happened in England in the early decades of the 19th century. To do so means to neglect a number of the general statements that make this a lively and rewarding book—notably Hayek's comment that "the influence which the writers of history . . . exercise on public opinion is probably more immediate and extensive than that of the political theorists who launch new ideas," and the argument by the French rep-

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representative, Bertrand de Jouvenal, that intellectuals are almost of necessity inclined to be critical of capitalism, since their value scale is radically opposed to that of businessmen. But these, however interesting, are subjective comments peripheral to the main argument. As Hayek puts it, there are "three related questions—What were the facts? How did the historians present them? And Why?" The essays he has collected "deal primarily with the first."

The central argument runs as follows. The introduction of the factory system and the growth of industrial cities in England in the late 18th and early 19th centuries did indeed witness overcrowding, long hours, the exploitation of children, and all the other ills that have been attributed by historians to them. But these social evils cannot be blamed on *capitalism* as such. They were simply incidents of a growth and concentration of industrial activity that might as well have manifested themselves (as in the Soviet Union after 1928) under some other regime than that of *laissez-faire* capitalism. Moreover, it is not true that this change depressed the standard of living of the British working classes. The poor were already in a wretched state—worse off, perhaps, in

rural areas than they were to be in the swollen cities. Nor was the new urban proletariat an existing population which capitalism "degraded to a lower level." It was rather "an additional population which was enabled to grow up by the new opportunities for employment which capitalism provided."

Indeed, most of the sufferings of the urban poor in the period 1800-1820 can be ascribed to temporary dislocations caused by rapid urban growth and intensified by the shortages and limitations on new building that accompanied the decade and a half of warfare against Napoleon. By 1830 such conditions were already beginning to right themselves: the Parliamentary inquiries and the beginnings of factory legislation that resulted from them were both unnecessary and politically motivated. They represented a revenge by the Tories for their own defeat in the Reform Bill of 1832. Carefully refraining from an examination of conditions in the countryside, where the Tory squirearchy ruled supreme, the commissions presented selective and "loaded" evidence that was later to give anti-capitalist historians more than the ammunition they needed.

FROM most of the foregoing no sensible or informed historian will dissent. It is not true, as the publisher's blurb claims, that Hayek's new book "is likely to land as a bombshell among the professional historians." The present reviewer can personally vouch for the general acceptance of Hayek's and Ashton's theses even as far from the centers of light as the American West Coast. Yet to suggest that Hayek and his colleagues are occasionally inclined to charge off in the manner of Don Quixote is not to deny value to their book. They have performed a very useful service in presenting in compact, readable form material that has hitherto been tucked away in detailed economic histories or in the pages of learned journals. And a number of their arguments are advanced with a freshness and vigor that command admiration—more particularly their exposé of the political motivation and selective presentation of evidence in the Parliamentary inquiries, and their insistence that conditions in the new industrial cities can be fairly judged only in comparison with those simultaneously existing in the countryside.

In this latter case, the authors have probed one of the weakest points in the conventional economic histories. As humanitarians and city-

dweller, students of economic development have customarily reacted with indignation to the conditions among the urban poor that they have personally observed or read about in books. Of suffering in the countryside—which has been the lot of the vast majority of mankind through the vast majority of its history—all but a handful of them have been ignorant. In this respect, the work of Hayek and his colleagues is comparable to a book that, for all its differences in economic outlook, has made a surprisingly similar contribution—Sir John Maynard's *The Russian Peasant*, which for the first time approached the problems of the Soviet Union through a consideration of traditions and attitudes among Russia's agrarian masses.

At least one point, however, in *Capitalism and the Historians* remains unproved—the argument that the factory legislation initiated in England in 1833 and gradually copied by all the major industrial nations was unnecessary and even tended to retard the improvement in conditions it sought to effect. Such a statement can be neither disproved nor verified. It is essentially a product of economic faith—in the case of Hayek and his colleagues, a conviction that the modern industrial system contains its own self-correcting mechanism. Most of those who have in fact sought to improve the conditions of labor—trade-union leaders, Fabian and reformist Socialists, and diversified lords ranging from Shaftesbury to Keynes—have been at the very least skeptical of any such pre-established harmony. They have believed—and I confess that I agree with them—that better wages, shorter hours, and the like come about primarily through organized pressure by the workers and the long arm of the state. Hayek and Ashton are quite right in arguing that such reforms cannot be introduced until a new industrial society has acquired some economic “fat” or surplus; but it is not at all clear that they will come about automatically.

THIS is my first major criticism of *Capitalism and the Historians*. My second is related to it. In one of his best sentences Hayek maintains that “the incidence [of suffering] on a small group among a prospering community is probably felt more as an injustice and a challenge than was the general suffering of earlier times which was considered as unalterable fate.” Here he epitomizes the enormous psychological shift from a traditional rural society to a mod-

REMEMBER

“The Jewish Student” by David Riesman first published in *Commentary*. That and thirty-eight additional essays are the table of contents of

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ern industrial one. Hayek and Ashton correctly underline this psychological difference in describing the attitude of 19th- and 20th-century historians toward the English factory system. But when they come to the industrial workers themselves, the authors seem to forget that the latter too had minds and souls: in speaking of English factory labor, Hayek and his colleagues assume the cool, mechanistic tone of a Ricardo or a James Mill. They apparently consider it unnecessary to inquire how the workers themselves felt about their new conditions of life and labor. Perhaps these conditions in abstract terms *were* better than those their peasant ancestors had known in the past. But what of the rest—what of the rupture of traditional ties of church, community, family, and age-old practice? Did the industrial workers in any non-material sense feel happier than their ancestors? This is not a plea for sentimentality in the writing of history—Hayek is quite right in arguing that we have had more than enough of that. It is simply a complaint that the authors of *Capitalism and the Historians* have not pushed their own psychological insights far enough—that they have not done for the English factory

worker what Oscar Handlin in *The Uprooted* did for the peasant immigrant to the United States.

As we have come to know more about the "industrial revolution," we have begun to see that the psychological shock it produced was more profound and prolonged than the economic changes it effected. This shock—and the revolutionary mentality that accompanied it—Hayek and his colleagues have almost totally left out of account.

The Flavor of Galut

YISROEL, THE FIRST JEWISH OMNIBUS.
Edited by JOSEPH LEFTWICH. Beech-
hurst Press. 723 pp. \$6.00.

Reviewed by JUDD L. TELLER

THIS is the American edition of an anthology first published in Britain in 1933. It gathers together short stories—some excellent, some fair, some deplorably amateurish—by 19th- and 20th-century writers of Jewish blood. The editor's emphasis on "blood" accounts for the exclusion of the half-Jewish Marcel Proust and the inclusion of John Cournos, a Jewish convert to Christianity; it also accounts for the grotesque lumping together of Franz Kafka, Arthur Schnitzler, Vicki Baum, Edna Ferber, Waldo Frank, and Anzia Yezierska.

This jumbling of values cannot be excused on the ground that the editor's primary concern is Jewish authenticity and racial and spiritual affinity, not literary merit. Many of these stories, including those by less than minor writers, are not on Jewish themes at all, and Mr. Leftwich concedes that "in presenting this collection of short stories by Jews working in different countries and different languages, I wonder if there really is any unity between them." If this is so, then Mr. Leftwich's taste alone is to blame, and nothing betrays the quality of that taste more clearly than his statement that Anzia Yezierska's fiction on immigrant themes is among the best in a genre "which in many of its practitioners degenerated into crude sob-stuff." It has always been this reviewer's impression that Miss Yezierska is the sob-sister *par excellence* in this genre.

THE editor's claim that his anthology is "on the whole representative and even comprehensive" (although "some writers who ought to

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